

Report 4

**3281**

16 November 1998

Jon Smets  
Team Coach for  
Silos Project/Engineering  
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PO Box 538704  
Cincinnati, Ohio 45253-8704

Dear Jon:

Attached is the CAT report of our review of the Silo 3 vendor selection process. In summary, the CAT is very comfortable with and confident of the vendor selection process and the results obtained. The CAT recommends aggressive pursuit of waste treatment and disposal and assuring adequate funding for the project.

Very truly yours,



Todd Martin  
CAT Leader

cc: R.C. Roal  
G.E. Bingham

**CRITICAL ANALYSIS TEAM REVIEW  
SILO 3 BID EVALUATION PROCESS  
12-13 November 1998**

On November 12-13, 1998, the Critical Analysis Team (CAT) reviewed the Silo 3 waste treatment bid evaluation process. The Silo 3 bid evaluation team appears to have been quite responsive in incorporating the CAT's August comments.

The bid evaluation process was appropriately structured, objective and disciplined, and appears to have worked well. More importantly, the contractor selected appears to have the most technically sound proposal. That proposal, while not perfect, appeared well thought out; based on simple, proven technology; and, provides the best chance for program success.

The "Price Realism" criterion does not appear to have provided added value to the procurement process. The CAT suggests a more useful approach would be to provide each reviewer with a 10% "proposal realism" criterion that could be applied subjectively to the evaluation process.

FDF should take the lessons learned from the success of this procurement and apply them to future procurements.

The bid evaluation process was successful for many reasons, the CAT sees the following as primary characteristics leading to success:

- The evaluators were well organized, informed and worked as a unified team.
- The evaluators represented a breadth of specialties that permitted a balanced and effective evaluation of the proposals.
- The organization of the process allowed the evaluators to reach a relative level of consensus rarely seen in proposal evaluations.
- The orals were structured, fair, thorough and as a result, revealed much information which would not have been otherwise revealed.
- The orals supported and reinforced the paper evaluation.
- The orals provided a more informative impression of the vendors than the paper interviews.
- FDF required the appropriate personnel to give the oral presentations as opposed to marketing personnel.
- The outline of the proposal evaluation was clearly structured, well

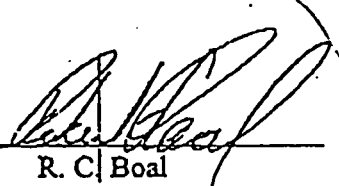
defined, and understood by the review team.

- The process demonstrated the benefits of providing a sound Statement of Work in the Request For Proposal. This document provided a strong foundation for a successful procurement process.

### Continuing Programmatic Risks

The CAT wishes to emphasize the following Silo 3 programmatic risks:

- FDF should not underestimate the potential for delay, increased costs, and potential claims as a result of difficulties that could arise during the Operational Readiness Review (ORR). The scope of the ORR must be clearly defined, agreed upon and carefully managed to scope to control cost and schedule. There is a tendency for this activity to grow out of control with large impacts to project cost and schedule.
- Both FDH and DOE must treat this contract as a fixed-price contract. Changes, unclear communication and micromanagement will lead to increased costs, claims and delays.
- The role of USEPA in the Silo 3 design, construction and operation must be clarified. USEPA and DOE should develop a well-defined scope for reviews, a schedule for performing reviews and a process for resolution of comments. The lack of agreements could lead to unnecessary delays and increased costs.
- The budget for this project has annual limitations that are dictating the project schedule. Due to the funding shortfalls, the project schedule is much longer than necessary. Given a more reasonable budget authorization in the near term, project schedule could be reduced significantly.
- The Silo 3 procurement is showing positive, real progress and the momentum and enthusiasm developed should not be diminished, but should be built upon. The CAT believes the Silo 3 performance schedule should be supported by appropriate budget commitment to allow the project to move forward on its best schedule. Lacking adequate budget extends the schedule; increases Fluor Daniel management duration costs; and, increases the risk of losing team continuity, all of which impact performance.

  
R. C. Boal

  
G. E. Bingham

  
T.M. Martin